

BUDGET OFFICE
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MEMORANDUM

TO: Paul McCulla
County Administrator

FROM: Bryan Tippie
Budget Office

DATE: January 30, 2007

SUBJECT: Bethel Academy Road Network Funding

Request is to address various options to bring the roadways in the Bethel Academy Subdivision up to VDOT standards so they may be accepted into the State's repair program. Current estimated costs by VDOT staff for this project are \$560,000.

1. Assumptions:
 - a. Actual costs of the project will be formalized before selection of possible option.
 - b. Only the house lots using the Bethel Academy roadways would be involved with this action.
 - c. If a special taxing district is established and the tax rate method used, the rate will be adjusted as necessary to meet the established annual level of funding needed to meet the option selected.
2. Facts:

Except for Options 1 and 10, all other Options would result in the County subsidizing the cost of the project and take 10 to 20 years to recover the subsidized amount.

3. Options:

- a. Option 1 - the Bethel Academy citizens continue to maintain their road system. No impact to the County.
- b. Option 2 through 5 – the County funds the project and is reimbursed for the principal (no interest included) expense over the next 10 or 20 years through a separate taxing district for the affected Bethel Academy citizens.
 - 1) Option 2 – Bethel Academy citizens refund over 10 years based on a tax rate of \$0.155 per \$100 of assessed tax value. Typical home owner annual impact \$595.
 - 2) Option 3 – Bethel Academy citizens refund over 20 years based on a tax rate of \$0.077 per \$100 of assessed tax value. Typical home owner annual impact \$298.
 - 3) Option 4 – Bethel Academy citizens refund over 10 years based on equal division of annual costs by the number of lots. Annual costs are \$471 per lot.
 - 4) Option 5 – Bethel Academy citizens refund over 20 years based on equal division of annual costs by the number of lots. Annual costs are \$236 per lot.
- c. Option 6 through 9 – the County funds the project and is reimbursed for the principal and the loss of interest over the next 10 or 20 years through a separate taxing district for the affected Bethel Academy citizens.
 - 1) Option 6 – Bethel Academy citizens refund over 10 years based on a tax rate of \$0.20 per \$100 of assessed tax value. Typical home owner annual impact \$769.
 - 2) Option 7 – Bethel Academy citizens refund over 20 years based on a tax rate of \$0.126 per \$100 of assessed tax value. Typical home owner annual impact \$483.
 - 3) Option 8 – Bethel Academy citizens refund over 10 years based on equal division of annual costs by the number of lots. Annual costs are \$607 per lot.
 - 4) Option 9 – Bethel Academy citizens refund over 20 years based on equal division of annual costs by the number of lots. Annual costs are \$382 per lot.
- d. Option 10 – The County funds the entire \$560,000 project without support from the citizens of the Bethel Academy Subdivision.

BETHEL ACADEMY ROADWAY OPTION MATIRX
Cost to Repair \$560,000

<u>OPTIONS</u>	<u>TYPE</u>	<u>COSTS</u>	<u>COUNTY IMPACT</u>	<u>BETHEL ACADEMY CITIZENS IMPACT</u>
1	Current Method	\$0	\$0	Maintain the roads
2	10 Yr Principal Only	\$560,000	\$560,000	* 15.5 cents per \$100
3	20 Yr Principal Only	\$560,000	\$560,000	* 7.7 cents per \$100
4	10 Yr Principal Only	\$560,000	\$560,000	* \$471 per lot
5	20 Yr Principal Only	\$560,000	\$560,000	* \$236 per lot
6	10 Yr Principal + Interest	\$723,000	\$560,000	20.0 cents per \$100
7	20 Yr Principal + Interest	\$909,000	\$560,000	12.6 cents per \$100
8	10 Yr Principal + Interest	\$723,000	\$560,000	\$607 per lot
9	20 Yr Principal + Interest	\$909,000	\$560,000	\$382 per lot
10	County Support	\$560,000	\$560,000	\$0

Typical Home Owner Impact

2	\$595 Annually per Typical Home Owner
3	\$298 Annually per Typical Home Owner
6	\$769 Annually per Typical Home Owner
7	\$483 Annually per Typical Home Owner

* 10 to 20 years to obtain refund of principal after funding the project.

Recommendations:

County staff was requested to identify funding alternatives to support the upgrading of the roadways in the Bethel Academy Subdivision to qualify for acceptance in the VDOT maintenance program. No specific recommendation was requested.

Enc: Funding details

Bethel Academy map

Bethel Academy/lot assessment information

cc: Ross D'Urso

Tony Hooper

Katie Heritage